



JENNIFER M. GRANHOLM  
GOVERNOR

STATE OF MICHIGAN  
OFFICE OF THE STATE BUDGET  
LANSING

MARY A. LANNOYE  
DIRECTOR

May 19, 2003

The Honorable Shirley Johnson, Chair  
Senate Appropriations Committee  
Michigan State Senate  
State Capitol  
Lansing, Michigan 48901

The Honorable Marc Shulman, Chair  
House Appropriations Committee  
Michigan House of Representatives  
State Capitol  
Lansing, Michigan 48901

Dear Legislators:

Attached is the monthly financial report for the month ending March 31, 2003. This report is submitted pursuant to MCL 18.1386. This report can also be found on the Internet at the following address:

[www.michigan.gov/budget](http://www.michigan.gov/budget) under "Financial Reports."

If you have questions concerning the information in this report, please contact this office.

Sincerely,

Mary A. Lannoye  
State Budget Director

Attachment

cc: List attached

cc: Governor Jennifer Granholm  
Ken Sikkema, Senate Majority Leader  
Rick Johnson, Speaker of the House  
Bob Emerson, Senate Minority Leader  
Diane Byrum, House Minority Leader  
Senate Appropriations Committee  
House Appropriations Committee  
Nancy Cassis, Chair, Senate  
Finance Committee

Lorence Wenke, House Taxation Committee  
Rick Wiener, Executive Office  
Tim Hughes, Executive Office  
Senate Fiscal Agency  
House Fiscal Agency  
Mike Moody, Financial Management  
Nancy Duncan, Deputy Director  
State Budget Office  
Internal Office of the State Budget  
Distribution

**GENERAL FUND, GENERAL PURPOSE**  
**Fiscal Year 2003**  
**Projected Revenues and Expenditures**  
**March 31, 2003**  
(\$ in millions)

	<b>FISCAL 2003</b>
<b>Beginning Balance, October 1, 2002</b>	<b>\$ 114.5</b>
<b>Revenues, Current Law:</b>	
<b>Current Year GF/GP Revenues, January 2003 Consensus Estimate</b>	<b>\$ 8,083.8</b>
<b>Adjustments to Consensus Baseline</b>	<b>\$ -</b>
<b>Adjusted Current Year GF/GP Revenue Baseline</b>	<b>\$ 8,083.8</b>
<b>Additional Revenue Adjustments:</b>	
Estimated Budget Stabilization Fund Withdrawal	\$ 116.9
Cap Revenue Sharing at FY02 Appropriation (PA 528 of 2002)	\$ 99.6
Merit Award Trust Fund Withdrawal (PA 530 of 2002)	\$ 100.0
Executive Order 2002-22 related revenue items:	
Merit Award Trust Fund Deposit to GF (PA 746 of 2002))	\$ 50.0
Waterways Fund Deposit to GF (PA 746 of 2002) )	\$ 7.8
Revenue Sharing Reduction (Executive Order 2002-22)	\$ 53.1
Deposit Health Advance Prefunding Balance to GF (PA 743 of 2002))	\$ 58.2
Liquor Purchase Funds Deposit to GF (Executive Order 2002-22)	\$ 3.7
<b>Subtotal of Additional Revenue Adjustments</b>	<b>\$ 489.3</b>
<b>Anticipated Revenue Adjustments:</b>	
Unemployment Agency Funding Transfer to GF	\$ 10.0
Sell Northville Property	\$ 64.6
Sale of Parcel at State Fair	\$ 1.5
Deposit Tobacco Settlement Revenues to GF	\$ 15.9
Recognize Hospital Provider Assessment Revenues (PA 562 of 2002)	\$ 8.9
<b>Subtotal of Anticipated Revenue Adjustments</b>	<b>\$ 100.9</b>
<b>Total FY Resources Available For Expenditure GF/GP</b>	<b>\$ 8,788.5</b>
<b>Expenditures, Current Law:</b>	
Enacted Post Vetoes	\$ 9,196.5
Enacted Supplemental - PA 746 of 2002	\$ (43.9)
Executive Order 2002-22	\$ (227.2)
Executive Order 2002-22 Prior Year Expenditure Reductions	\$ (3.4)
Executive Order 2003-3	\$ (125.5)
<b>Total Enacted</b>	<b>\$ 8,796.5</b>
<b>Anticipated Expenditure Adjustments:</b>	
Pending Supplemental	\$ (8.1)
<b>Subtotal Anticipated Expenditure Adjustments</b>	<b>\$ (8.1)</b>
<b>Total Expenditures Projected</b>	<b>\$ 8,788.4</b>
<b>Projected Ending Balance, September 30, 2003</b>	<b>\$ 0.1</b>

**SCHOOL AID FUND**  
**Fiscal Year 2003**  
**Projected Revenues and Expenditures**  
**March 31, 2003**  
(\$ in millions)

	<b>FISCAL 2003</b>
<b>Beginning Balance, October 1, 2002</b>	<b>\$ 237.0</b>
<b>Current Year School Aid Fund Revenues, January 2003 Consensus</b>	<b>\$ 10,857.6</b>
<b>Adjustments to Consensus Baseline</b>	<b>\$ -</b>
<b>Subtotal, School Aid Fund, Current Year Direct Resources</b>	<b>\$ 10,857.6</b>
Budget Stabilization Fund for Durant Settlement Payments	\$ 32.0
Appropriation from GF/GP	\$ 198.4
Federal Aid	\$ 1,219.8
Local Revenue	\$ 0.7
<b>Total Available SAF Resources</b>	<b>\$ 12,545.5</b>
<b>Expenditures</b>	
<b>Enacted Appropriations as of PA 521 of 2002<sup>1</sup></b>	<b>\$ 12,710.4</b>
Anticipated Lapses	\$ (37.9)
Pro-Ration Letter sent 1/15/03	\$ (127.0)
<b>Adjusted Appropriations</b>	<b>\$ 12,545.5</b>
<b>Projected School Aid Fund Ending Balance September 30, 2003</b>	<b>\$ -</b>

<sup>1</sup> PA 521 of 2002, effective 7/25/02, supercedes PA 297 of 2000, PA 121 of 2001 and PA 191 of 2002.

# SUMMARY OF EXPENDITURES AND ENCUMBRANCES

## GENERAL FUND GROSS

March 31, 2003

(\$ IN MILLIONS)

### FISCAL YEAR 2001-02

### FISCAL YEAR 2002-03

March 2002	Yr-to-date 2001-02	Fiscal Yr end SEP 30, 2002	DEPARTMENT	Initial Approp	Supplem. Approp.	Exp & Enc March 2003	Exp & Enc Yr-to-date 2002-03
7.7	46.0	93.9	Agriculture	83.2	10.9	5.4	39.2
5.5	26.7	55.4	Attorney General	61.3	(1.4)	3.5	25.1
18.8	180.3	334.4	Capital Outlay	577.3	32.3	30.4	204.8
36.3	196.0	425.2	Career Development	458.3	(1.5)	37.0	194.5
1.7	7.1	14.4	Civil Rights	14.4	(0.7)	0.9	6.3
3.4	12.8	26.4	Civil Service	31.6	(0.7)	2.3	10.3
6.5	1,195.4	2,128.2	Colleges & Universities	2,137.5	(125.2)	168.2	1,164.7
284.8	4,815.9	8,561.8	Community Health	9,326.7	(188.9)	646.5	4,640.5
17.7	101.2	224.3	Consumer & Industry Services	270.1	(6.8)	15.0	110.6
128.0	775.3	1,601.1	Corrections	1,689.9	(20.5)	129.7	763.6
72.0	455.1	869.1	Education	215.5	(0.0)	7.7	43.2
13.7	105.2	197.9	Environmental Quality	306.1	(3.8)	15.5	90.5
0.1	2.7	5.6	Executive Office	5.4	(0.4)	0.4	2.5
343.7	1,837.7	3,708.1	Family Independence Agency	4,070.4	(59.6)	377.0	1,754.8
9.8	35.6	69.9	History, Arts & Library	71.5	(2.4)	8.0	31.8
			Information Technology	-0-	-0-	-0-	-0-
10.7	79.2	204.4	Judiciary	245.0	(2.3)	15.6	89.0
10.5	63.5	135.2	Legislature	126.4	(1.1)	10.2	66.3
27.4	116.1	187.4	Management & Budget	189.3	(4.8)	9.9	97.2
0.6	25.7	60.2	Michigan Strategic Fund	44.7	(4.3)	-0-	24.7
7.1	48.7	94.5	Military Affairs	98.2	(1.8)	6.9	48.8
4.7	46.2	87.7	Natural Resources	75.0	(2.2)	4.7	41.0
-0-	-0-	-0-	School Aid	-0-	-0-	-0-	-0-
15.6	89.6	187.4	State	180.1	(1.1)	11.6	80.3
33.3	174.0	377.2	State Police	415.6	(9.7)	28.3	162.7
-0-	-0-	-0-	Transportation	-0-	-0-	-0-	-0-
23.2	1,047.2	1,869.6	Treasury	1,891.3	(58.9)	38.9	1,042.0
<b>\$1,082.8</b>	<b>\$11,483.2</b>	<b>\$21,519.3</b>		<b>\$22,584.6</b>	<b>(\$454.7)</b>	<b>\$1,573.6</b>	<b>\$10,734.4</b>

# ESTIMATED BALANCE OF STATE PAYMENTS TO LOCAL UNITS OF GOVERNMENT

Fiscal Year 2003

March, 2003

(\$ IN MILLIONS)

	INITIAL APPROPRIATIONS	EXEC. ORDER and SUPPLEMENTALS	TOTAL APPROPRIATIONS YEAR-TO-DATE
Payments to local units of government	16,450.6	(352.3)	16,098.3
Total state spending from state resources	26,710.3	(638.8)	26,071.5
Percentage of state spending from state resources paid to local units	61.59%		61.75%
Required payments to local units (48.97%)	13,080.0		12,767.2
<b>Surplus/(deficit)</b>	<b>\$3,370.6</b>		<b>\$3,331.1</b>

STATE OF MICHIGAN  
**YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES**  
**COUNTER - CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND**  
OCTOBER 1, 2002 THROUGH MARCH 31, 2003  
(in thousands)

**REVENUES**

Taxes	\$ -
From federal agencies	-
Miscellaneous	<u>627</u>
Total Revenues	<u>627</u>

**EXPENDITURES**

Current:	
General government	-
Education	-
Family Independence services	-
Public safety and corrections	<u>-</u>
Total Expenditures	<u>-</u>
Excess of Revenues over (under)	
Expenditures	<u>627</u>

**OTHER FINANCING SOURCES (USES)**

Proceeds from Bond Issues	-
Operating transfers from:	
State Lottery Fund	-
Other funds	<u>-</u>
Total operating transfers from other funds	-
Operating transfers to other funds	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>
Excess of Revenues and Other	
Sources over (under) Expenditures	
and Other Uses	<u><u>\$ 627</u></u> <sup>1</sup>

<sup>1</sup> Balance does not reflect closing adjustments such as accounts receivable, accounts payable, etc.

STATE OF MICHIGAN  
**YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENSES**  
**MICHIGAN STRATEGIC FUND**  
OCTOBER 1, 2002 THROUGH MARCH 31, 2003  
(in thousands)

**OPERATING REVENUES**

Operating revenues	\$ -
Interest income	-
Investment revenue (net)	-
Miscellaneous:	
Federal revenues	-
Financing fees	848
Other	64
Total miscellaneous	<u>912</u>
Total Operating Revenues	<u>912</u>

**OPERATING EXPENSES**

Salaries, wages, and other administrative	-
Interest expense	-
Depreciation	-
Purchases for resale	-
Other operating expenses:	
Loan loss expense	-
Tuition benefit expense	-
Amortization of deferred issue costs	-
Miscellaneous	-
Total other operating expenses	<u>-</u>
Total Operating Expenses	<u>-</u>
Operating Income (Loss)	<u>912</u>

**NONOPERATING REVENUES (EXPENSES)**

Federal grant revenue	-
Interest revenue	-
Other nonoperating revenues:	
Tribal gaming revenue	1,525
Other nonoperating revenue	-
Total other nonoperating revenues	<u>1,525</u>
Nonoperating grants	-
Interest expense	-
Other nonoperating expense	<u>(0)</u>
Total Nonoperating Revenues (Expenses)	<u>1,525</u>
Income (Loss) Before Operating Transfers	<u>2,436</u>

**OPERATING TRANSFERS**

Operating transfers from primary government	-
Operating transfers to primary government	<u>(2,299)</u>
Total Operating Transfers In (Out)	<u>(2,299)</u>
Net Income (Loss)	<u>\$ 137 <sup>1</sup></u>

<sup>1</sup> Balance does not reflect closing adjustments such as accounts receivable, accounts payable, etc.



STATE OF MICHIGAN  
**YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES**  
**MICHIGAN NATURAL RESOURCES TRUST FUND**  
OCTOBER 1, 2002 THROUGH MARCH 31, 2003

**REVENUES**

Taxes	\$ -
From federal agencies	-
From licenses and permits	-
Miscellaneous	<u>23,467,615.22</u>
Total Revenues	<u>23,467,615.22</u>

**EXPENDITURES**

Current:	
General government	-
Conservation, environment, recreation, and agriculture	708,430.74
Capital outlay	<u>3,141,731.98</u>
Total Expenditures	<u>3,850,162.72</u>
Excess of Revenues over (under) Expenditures	<u>19,617,452.50</u>

**OTHER FINANCING SOURCES (USES)**

Proceeds from bond issues	-
Operating transfers from other funds	-
Operating transfers to other funds	<u>(8,142,603.25)</u>
Total Other Financing Sources (Uses)	<u>(8,142,603.25)</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	<u>\$ 11,474,849.25 <sup>1</sup></u>

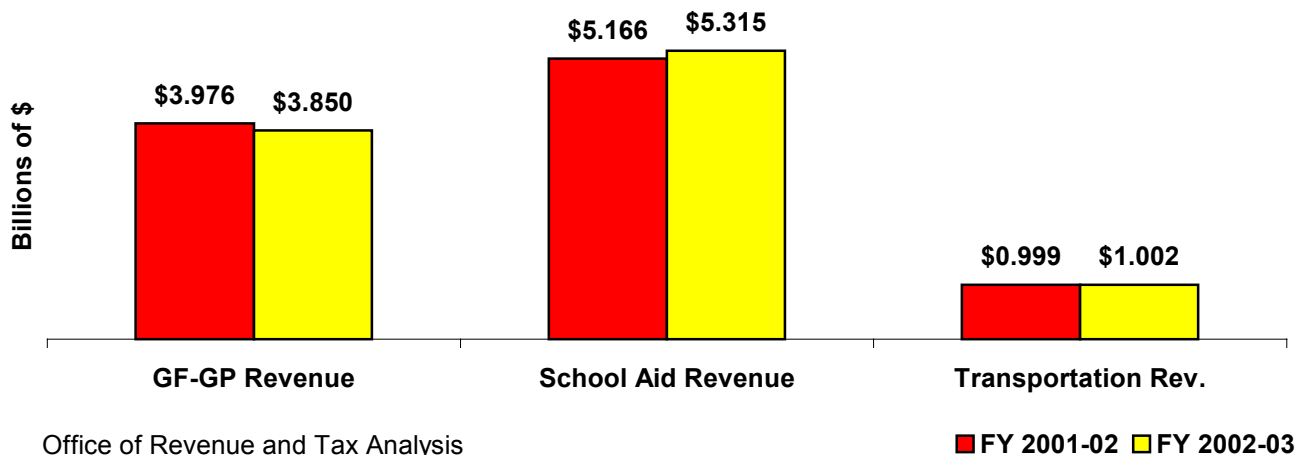
**REVENUE OVERVIEW**  
Office of Revenue and Tax Analysis  
Michigan Department of Treasury

This Monthly Financial Report to the Legislature presents the Michigan State government's economic situation and cash collections for March 2003, representing some February and some March economic activity in Michigan.

Total General Fund - General Purpose cash collections were \$31.3 million (11.6 percent) higher in March 2003 than in March 2002. March School Aid Fund cash collections were \$79.4 million (9.5 percent) higher than in March 2002. The timing of tax payments was responsible for much of the increase in March revenues. March transportation collections were \$7.7 million (5.1 percent) higher than in March 2002 (see revenue table). Year-to-date collection totals generally provide a more accurate view of collections since they are less affected by the timing of payments. March is the sixth month of the state's fiscal year. Year-to-date General Fund - General Purpose cash collections are down \$126.9 million (3.2 percent). School Aid Fund cash collections are up \$149.6 million (2.9 percent), and transportation tax cash collections are up \$2.4 million (0.2 percent).

The FY 2002-2003 net revenue forecast presented in the revenue table on page 10 is from the Consensus Revenue Estimating Conference held on January 14, 2003. The Consensus estimate for net General Fund – General Purpose revenue for FY 2002-2003 is \$8,083.8 million and the net School Aid revenue forecast is \$10,857.7 million. The Transportation Funds revenue forecast is \$2,284.6 million. The revenue projections for each tax are shown after all tax adjustments. The next revenue conference is scheduled for May 13, 2003.

**October through March Collections  
Fiscal Years 2001-02 and 2002-03**



### March Revenue Collections Fiscal Years 2001-02 and 2002-03



### October through March Collections Fiscal Years 2001-02 and 2002-03



**Revenue Summary 2002-03**  
**General Fund-General Purpose, School Aid, and Transportation Funds**  
(in thousands)

**For The Month Ended: March 31, 2003**

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH MARCH CASH COLLECTIONS DATA					REVENUE PROJECTIONS		
March		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		2001-2002 Actual	2002-2003 Statutory Estimate(h)	2002-2003 Jan. 2003 Consensus
2002	2003	Amount	Percent		2001-02	2002-03	Amount	Percent			
Income Taxes											
\$546,447	\$529,261	(\$17,186)	-3.1%	Withholding	\$3,323,188	\$3,317,083	(\$6,105)	-0.2%	\$6,399,800	\$6,660,600	\$6,448,000
5,844	5,940	96	1.6%	Quarterlies	253,941	234,002	(19,939)	-7.9%	634,500	670,500	525,800
35,169	29,955	(5,214)	-14.8%	Annuals	95,015	75,478	(19,537)	-20.6%	508,000	513,200	383,100
587,460	565,156	(22,304)	-3.8%	Gross Collections	3,672,143	3,626,563	(45,581)	-1.2%	\$7,542,300	\$7,844,300	\$7,356,900
355,302	337,832	(17,469)	-4.9%	Less: Refunds	739,708	763,487	23,780	3.2%	1,391,200	1,445,500	1,493,800
0	0	0	na	State Campaign Fund	0	0	0	na	1,200	1,500	1,500
232,158	227,324	(4,834)	-2.1%	Net Personal Income	2,932,436	2,863,075	(69,360)	-2.4%	\$6,149,900	\$6,397,300	\$5,861,600
144,985	141,289	(3,696)	-2.5%	Less: Disbursements to SAF	894,266	906,641	12,375	1.4%	\$1,860,400	\$1,973,400	\$1,849,400
\$87,173	\$86,035	(\$1,138)	-1.3%	NET PERSONAL INCOME TO GF-GP	\$2,038,170	\$1,956,435	(\$81,735)	-4.0%	\$4,289,500	\$4,423,900	\$4,012,200
Consumption Taxes											
\$4,176	\$5,229	\$1,053	25.2%	Sales (a,b)	\$39,483	\$36,189	(\$3,294)	-8.3%	\$88,000	\$114,500	\$95,300
58,841	73,544	14,703	25.0%	Use (c)	428,126	403,618	(24,508)	-5.7%	868,300	948,700	890,100
10,444	17,627	7,183	68.8%	Cigarette (Incl Inventory Tax)	72,496	109,603	37,107	51.2%	194,900	281,800	283,300
4,219	3,653	(566)	-13.4%	Beer, Wine & Mixed Spirits	23,265	23,220	(45)	-0.2%	50,000	51,500	51,000
1,991	2,167	176	8.8%	Liquor Specific	12,941	13,083	142	1.1%	29,900	29,800	30,000
\$79,671	\$102,220	\$22,548	28.3%	TOTAL CONSUMPTION TAXES	\$576,311	\$585,713	\$9,402	1.6%	\$1,231,100	\$1,426,300	\$1,349,700
Other Taxes											
\$53,034	\$58,254	\$5,219	9.8%	Single Business (a)	\$909,787	\$858,833	(\$50,953)	-5.6%	\$1,983,300	\$1,864,400	\$1,951,400
15,140	17,761	2,621	17.3%	Insurance Premiums Taxes	118,191	130,222	12,031	10.2%	227,100	254,000	245,000
68,174	76,014	7,840	11.5%	Sub-total SBT & Insurance	1,027,978	989,056	(38,922)	-3.8%	2,210,400	2,118,400	2,196,400
6,712	8,100	1,388	20.7%	Inheritance / Estate	80,269	63,973	(16,296)	-20.3%	131,000	76,000	79,500
0	6	6	na	Telephone & Telegraph	66,856	65,846	(1,009)	-1.5%	137,300	150,200	132,200
3,607	5,719	2,111	58.5%	Oil & Gas Severance	17,646	23,765	6,119	34.7%	30,700	37,000	35,000
8,806	8,474	(332)	-3.8%	Penalties & Interest	67,935	73,746	5,812	8.6%	148,900	155,000	145,000
(0)	33	33	na	Miscellaneous Other/Railroad	403	208	(196)	-48.6%	2,800	0	0
(6,250)	(7,083)	(833)	13.3%	Treasury Enforcement Programs	(37,250)	(40,000)	(2,750)	-7.4%	(83,700)	(75,000)	(85,000)
\$81,049	\$91,262	\$10,212	12.6%	TOTAL OTHER TAXES	\$1,223,837	\$1,176,594	(\$47,243)	-3.9%	\$2,577,400	\$2,461,600	\$2,503,100
\$247,894	\$279,517	\$31,623	12.8%	SUBTOTAL GF-GP TAXES	\$3,838,318	\$3,718,742	(\$119,576)	-3.1%	\$8,098,000	\$8,311,800	\$7,865,000

continued

**Revenue Summary 2002-03**  
**General Fund-General Purpose, School Aid, and Transportation Funds**  
(in thousands)

**For The Month Ended: March 31, 2003**

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH MARCH CASH COLLECTIONS DATA						REVENUE PROJECTIONS		
March		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		2001-2002 Actual	2002-2003 Statutory Estimate(h)	2002-2003 Jan. 2003 Consensus	
2002	2003	Amount	Percent		2001-02	2002-03	Amount	Percent				
Non-Tax Revenue												
\$2,500	\$1,667	(\$833)	-33.3%	Federal Aid	\$18,333	\$12,500	(\$5,833)	-31.8%	\$24,700	\$30,000	\$20,000	
150	83	(67)	-44.4%	Local Agencies	775	700	(75)	-9.7%	800	1,800	1,000	
400	417	17	4.2%	Services	2,700	2,450	(250)	-9.3%	5,200	4,800	5,000	
2,000	1,500	(500)	-25.0%	Licenses & Permits	12,250	10,500	(1,750)	-14.3%	16,500	24,000	18,000	
0	0	0	na	Investments/Interest Costs	3,785	203	(3,582)	-94.6%	(11,900)	(30,900)	(40,000)	
4,167	5,000	833	20.0%	Misc. Non-tax Revenue	25,000	27,500	2,500	10.0%	131,500	50,000	60,000	
9,583	9,667	83	0.9%	Liquor Purchase Revolving Fund	57,000	57,750	750	1.3%	118,200	115,000	116,000	
3,083	3,233	150	4.9%	From Other Funds-Lottery & Escheats	18,250	19,200	950	5.2%	44,000	38,000	38,800	
\$21,883	\$21,567	(\$317)	-1.4%	TOTAL NON-TAX REVENUE	\$138,093	\$130,803	(\$7,290)	-5.3%	\$329,000	\$232,700	\$218,800	
\$269,777	\$301,083	\$31,306	11.6%	TOTAL GF-GP REVENUE	\$3,976,411	\$3,849,545	(\$126,867)	-3.2%	\$8,427,000	\$8,544,500	\$8,083,800	
School Aid Fund												
\$176,499	\$201,009	\$24,510	13.9%	Sales Tax 4% (a)	\$1,290,940	\$1,274,018	(\$16,922)	-1.3%	2,617,300	2,765,000	2,684,500	
138,531	158,635	20,105	14.5%	Sales Tax 2%	1,024,363	1,008,423	(15,940)	-1.6%	2,078,000	2,196,700	2,130,000	
29,504	36,772	7,268	24.6%	Use Tax 2%	214,563	201,809	(12,754)	-5.9%	435,700	474,300	445,100	
214,123	215,932	1,810	0.8%	State Education Property Tax	1,054,029	1,116,532	62,503	5.9%	1,583,700	2,093,800	2,111,200	
14,177	25,203	11,026	77.8%	Real Estate Transfer Tax	114,533	122,267	7,735	6.8%	253,100	254,000	253,000	
40,000	50,000	10,000	25.0%	Lottery Transfer (d)	239,009	263,530	24,521	10.3%	613,500	595,000	613,000	
7,644	7,139	(505)	-6.6%	Casino Wagering Tax	38,936	36,820	(2,116)	-5.4%	91,900	96,000	96,000	
1,946	1,946	0	0.0%	Liquor Excise Tax	12,594	12,594	0	0.0%	29,100	29,800	29,800	
26,173	44,172	17,999	68.8%	Cigarette/Tobacco Tax	181,670	274,657	92,987	51.2%	403,600	472,400	474,800	
42,815	33,656	(9,159)	-21.4%	Indus. & Comm. Facilities Taxes	96,227	93,371	(2,856)	-3.0%	152,300	143,000	155,000	
465	499	33	7.2%	Specific Other	4,758	4,804	46	1.0%	15,300	14,700	15,700	
144,985	141,289	(3,696)	-2.5%	Income Tax Earmarking	894,266	906,641	12,375	1.4%	\$1,860,400	\$1,973,400	\$1,849,400	
\$836,862	\$916,253	\$79,391	9.5%	TOTAL SCHOOL AID FUND	\$5,165,888	\$5,315,467	\$149,579	2.9%	\$10,133,900	\$11,108,200	\$10,857,600	
\$432,696	\$493,650	\$60,954	14.1%	SALES TAX 6%	\$3,175,930	\$3,131,787	(\$44,143)	-1.4%	\$6,439,900	\$6,805,100	\$6,604,100	
294,165	335,015	40,850	13.9%	SALES TAX 4%(f)	2,151,567	2,123,364	(28,203)	-1.3%	4,361,900	4,608,400	4,474,100	
138,531	158,635	20,105	14.5%	SALES TAX 2%	1,024,363	1,008,423	(15,940)	-1.6%	2,078,000	2,196,700	2,130,000	
88,511	110,316	21,805	24.6%	USE TAX 6%	643,689	605,427	(38,262)	-5.9%	1,306,400	1,423,000	1,335,200	
41,283	69,672	28,390	68.8%	TOBACCO TAXES	286,546	433,213	146,667	51.2%	648,000	863,500	867,900	
0	0	0	na	TOBACCO SETTLEMENT	89,226	93,139	3,913	4.4%	na	na	na	
0	(1)	(1)	na	CIGARETTE INVENTORY TAX	0	437	437	na	21,900	na	na	

continued

**Revenue Summary 2002-03**  
**General Fund-General Purpose, School Aid, and Transportation Funds**  
(in thousands)

**For The Month Ended: March 31, 2003**

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MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH MARCH CASH COLLECTIONS DATA						REVENUE PROJECTIONS		
March		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		2001-2002 Actual	2002-2003 Statutory Estimate(h)	2002-2003 Jan. 2003 Consensus	
2002	2003	Amount	Percent		2001-02	2002-03	Amount	Percent				
Major Transportation Revenues												
\$4,974	\$6,120	\$1,146	23.0%	Diesel Fuel	\$42,484	\$43,577	\$1,093	2.6%	\$143,400	\$183,000	\$146,100	
65,932	65,148	(785)	-1.2%	Gasoline	463,833	453,024	(10,809)	-2.3%	939,700	959,000	951,800	
68,525	75,283	6,758	9.9%	Motor Vehicle Registration	421,922	431,049	9,127	2.2%	827,700	850,000	859,000	
6,736	6,791	55	0.8%	Other Taxes, Fees & Misc.	34,729	34,321	(408)	-1.2%	181,187	214,824	210,634	
6,179	6,753	574	9.3%	Comprehensive Transportation (e)	36,270	39,624	3,354	9.2%	81,136	77,455	81,040	
\$152,346	\$160,095	\$7,749	5.1%	TOTAL MAJOR TRANS. REVENUES	\$999,238	\$1,001,595	\$2,357	0.2%	\$2,173,123	\$2,284,279	\$2,248,574	
Lottery Sales By Games (d)												
54,678	65,381	10,703	19.6%	Instant Games	321,905	340,494	18,589	5.8%	na	na	na	
57,429	70,339	12,910	22.5%	Daily Games	339,494	364,518	25,024	7.4%	na	na	na	
22,360	22,440	80	0.4%	Lotto and Big Game	118,793	120,308	1,515	1.3%	na	na	na	
826	1,358	532	64.4%	Keno Game	5,025	6,576	1,551	30.9%	na	na	na	
0	240	240	na	Changeplay Game	0	3,765	3,765	na	na	na	na	
\$135,293	\$159,758	\$24,465	18.1%	TOTAL LOTTERY SALES	\$785,218	\$835,662	\$50,444	6.4%	na	na	na	

a Effective beginning FY 97 all revenue sharing distributions are funded through sales tax collections.

b GF-GP Sales has been estimated based on CTF and Health Initiative shares.

c GF-GP Use tax has been estimated by subtracting administrative costs of the senior drug program.

d The statutory estimate does not include an estimate of lottery sales. It only includes an estimate of the SAF transfer. The transfers shown are actual transfers from Lottery to SAF.

e The CTF distributions for FY 2002 have been estimated (includes sales tax transfer and other miscellaneous revenues dedicated to the CTF).

f 2% collections adjusted to reflect exemption on residential utilities.

g Official CAFR figures are adjusted to put them on a comparable basis with Consensus Estimates.

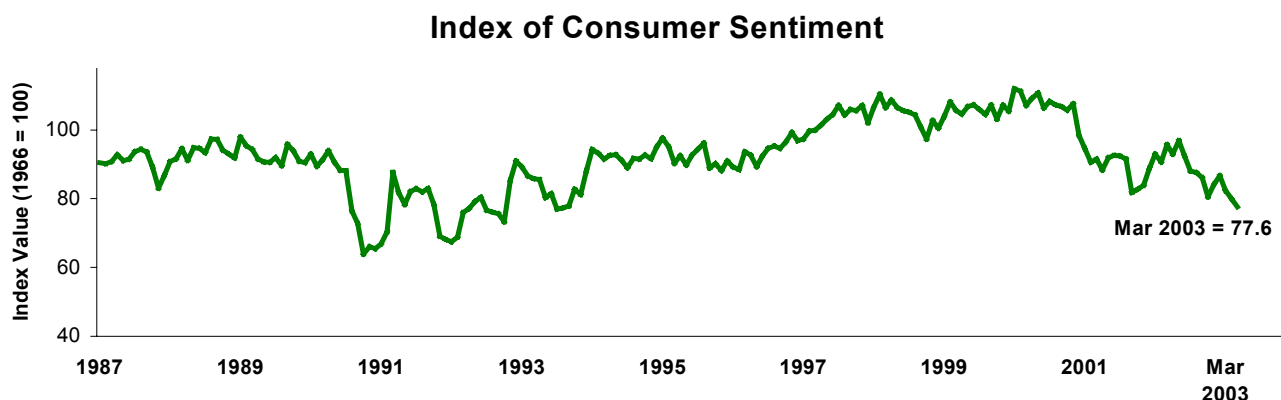
h The statutory estimate has been adjusted so that the tobacco tax revenues include the effect of the rate hike and state education tax figures include revenues from the change in payment date.

Source: Michigan Department of Treasury, Office of Revenue and Tax Analysis, based on reports from the Office of Financial Management, Michigan Department of Management and Budget, and other reports from the Michigan Department of Treasury.

## Economic Highlights

(All data seasonally adjusted unless otherwise noted.)

### U. S. Economy



Source: University of Michigan, Survey Research Center

The **Index of Consumer Sentiment** was 77.6 in March, down 2.3 index-points from the February value and 18.1 index-points below March 2002. While consumer confidence began to increase as the war in Iraq began, Survey director Richard Curtin noted, "While it is too early to provide any assessment of how much optimism will be restored by the successful conclusion of the war, the data indicate that the likely impact will be limited due to continuing anxiety about domestic terrorist attacks as well as persistent concerns about job and wage prospects." Curtin also added, "The central issue is not the size of the rebound but whether subsequent changes in job and wage prospects will act to reinforce the gains or reverse the initial gains as happened in 1991." As for the prospects for 2003, Curtin reports, "Overall, the data indicate that consumer spending will remain subdued through 2003." In March, consumers in only 1 of the 4 regions experienced a gain in confidence. Western consumers reported an increase of 4.3 index-points. Midwestern consumers registered the largest loss of confidence with a decrease of 11.3 index-points. Southern consumers recorded a loss of 1.1 index-points while Northeastern consumers registered a loss of 0.9 index-points. As a result, the gap across regions decreased slightly to 12.6 index-points, with Southern consumers on top and Northeastern consumers on the bottom.

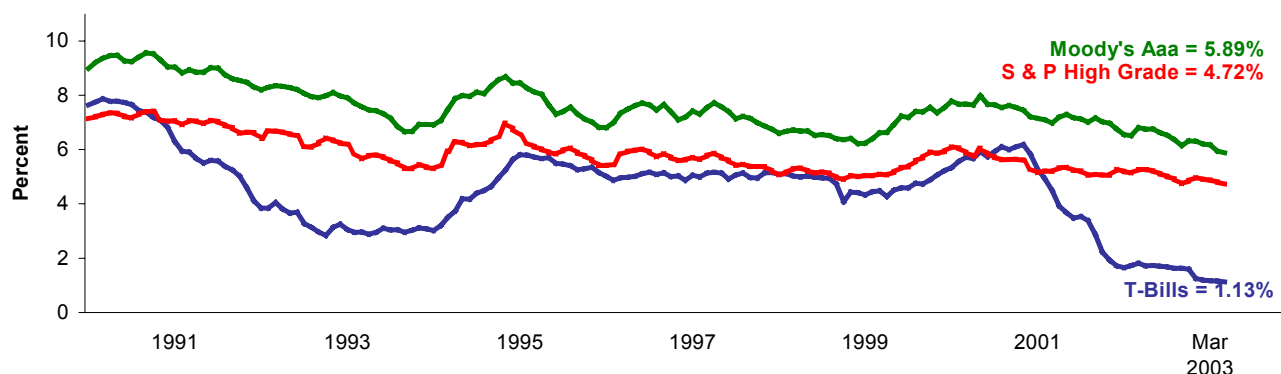
The revised estimate of real **Gross Domestic Product** for the fourth quarter of 2002 is \$9,518.2 billion (chained 1996 dollars), an increase of 1.4 percent at an annual rate. This represents a \$1.3 billion downward revision from last month's preliminary estimate. In the third quarter, real gross domestic product increased 4.0 percent. Growth in the fourth quarter was led by increases in government spending, personal consumption expenditures, equipment and software, residential fixed investment, and private inventory investment. These gains were offset by changes from nonresidential structures, exports and imports. Federal government spending increased 11.0 percent in the fourth quarter, up from 4.3 percent in the third quarter. Real personal consumption expenditures increased 1.7 percent in the fourth quarter compared to an increase of 4.2 percent in the third quarter. Real nonresidential fixed investment increased 2.3 percent overall in the fourth quarter, with the decrease in nonresidential structures of 9.9 percent offset by investment in equipment and software, which increased 6.2 percent. Private inventory investment increased \$25.8 billion in the fourth quarter, slightly up from the \$18.8 billion increase in the third quarter. Exports of goods and services decreased 5.8 percent in the fourth quarter, compared to a 4.6 percent increase in the third quarter. Imports increased 7.4 percent in the

fourth quarter compared to an increase of 3.3 percent in the third quarter. Real final sales increased at a 1.1 percent rate in the fourth quarter compared to a 3.4 percent rate in the third quarter. On the inflation front, the **implicit price deflator** measure estimate increased at 1.8 percent annual rate in the fourth quarter, compared to an increase of 1.0 percent observed in the third quarter.

**U. S. retail prices**, as measured by the Consumer Price Index (CPI-U), increased 0.3 percent in March. Energy increased 4.6 percent in March while the all-items less energy component remained unchanged in March. For the six months since September, the all-items index increased at a 3.3 percent annual rate.

Compared to March 2002, the all-items index increased 3.0 percent. For major component groups, the unadjusted increases from one year ago were: food and beverages, 1.5 percent; housing, 2.9 percent; medical care, 4.3 percent; recreation, 1.2 percent; education and communication, 2.6 percent; transportation 7.0 percent, with gasoline prices up 37.6 percent; and other goods and services, 3.1 percent, with tobacco prices up 7.8 percent; while apparel was down 3.6 percent.

### Selected Key Interest Rates

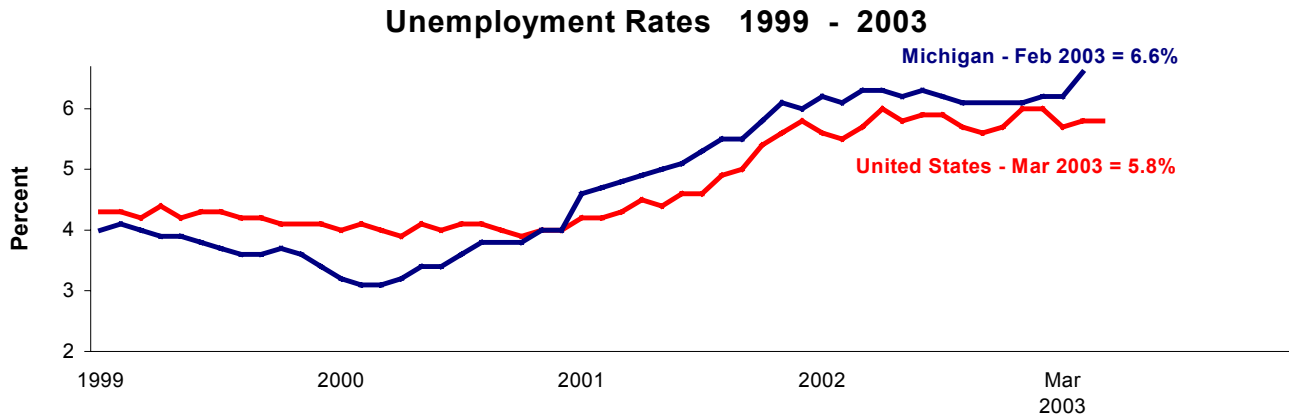


Source: Economic Indicators

Short-term **interest rates** decreased in March as the 3-month Treasury bill (T-bill) rate averaged 1.13 percent. Compared to one year ago, the T-bill rate is down 0.68 percentage points. Long-term interest rates, such as the Aaa corporate bond rate, decreased 0.06 percentage points to an interest yield of 5.89 percent in March. Compared to one year ago, the Aaa bond yield is down 0.92 percentage points. The interest rate on High-grade municipal bonds decreased 0.08 percentage points to 4.72 percent in March, and stands 0.55 percentage points below its year ago level. The Federal Open Market Committee (FOMC) held the federal funds rate steady at 1.25 percent at its March 19 meeting. The FOMC indicated that, "information that has become available since the last meeting indicates that the economy, bolstered by a marked swing in inventory investment, is expanding at a significant pace. Nonetheless, the degree of the strengthening in final demand over coming quarters, an essential element in sustained economic expansion, is still uncertain." The committee reported that the economic risks are balanced with respect to the prospects of price stability and sustainable economic growth.

In March, the **U. S. unemployment rate** remained unchanged at 5.8 percent and was up 0.1 percentage points from one year ago. Civilian employment totaled 137.3 million persons in March, a decrease of 60,000 from the February level. The labor force decreased 64,000 from last month.

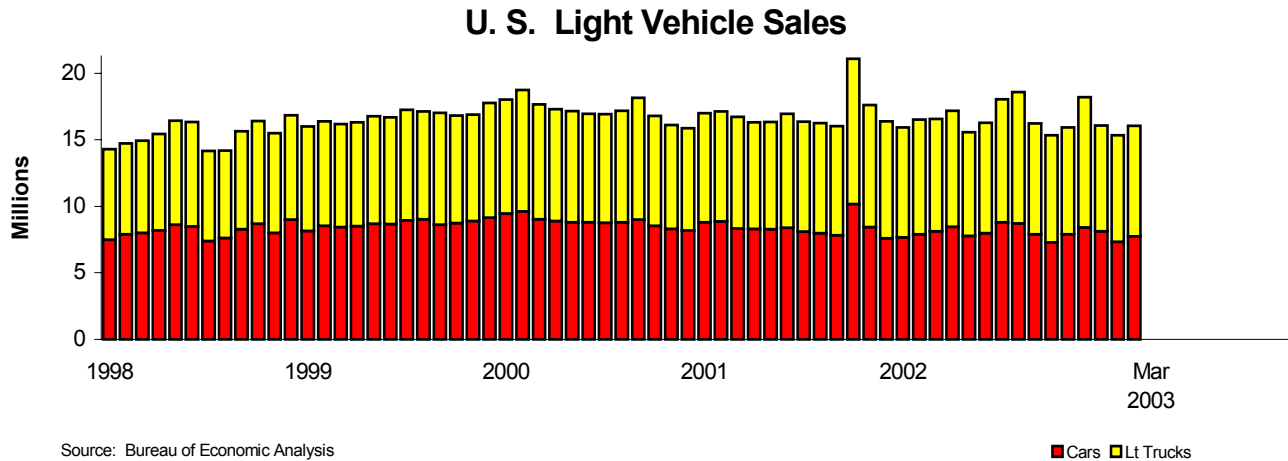




Source: Bureau of Labor Statistics and Michigan Department of Career Development, Employment Service Agency

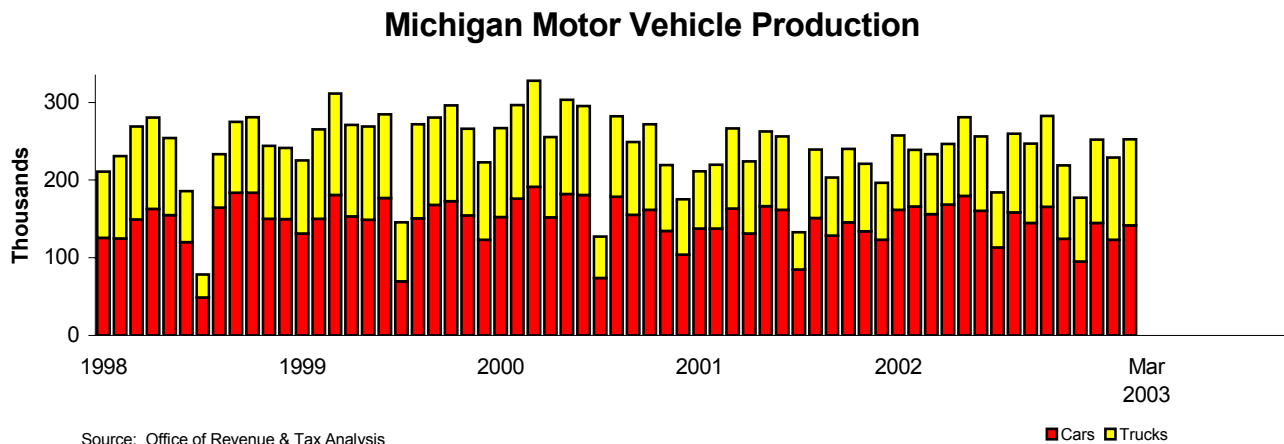
In February, the **Michigan jobless rate** increased 0.4 percentage points to 6.6 percent, 0.8 percentage points above the national unemployment rate for that time period. Compared to a year ago, Michigan's jobless rate increased 0.5 percentage points. The number of people employed in Michigan was 4,788,000 in February 2003, with the number unemployed at 336,000. Monthly unemployment rates fluctuate due to statistical sampling errors.

## Motor Vehicle Sector



**U. S. light vehicle sales** (cars + light trucks) increased 0.8 million units in March selling at a 16.1 million unit seasonally adjusted annual rate. Domestic car sales increased 6.9 percent while domestic light truck sales increased 1.7 percent. Import car sales increased 2.1 percent while import light truck sales increased 18.2 percent. As a result, the domestic share decreased 0.5 percentage points to 78.1 percent. Compared to last year, light vehicle sales were down 3.0 percent. Domestic car sales were down 5.9 percent while domestic light truck sales were down 4.6 percent. Import car sales were down 2.7 percent while import truck sales were up 23.2 percent from last year. Thus, the domestic share decreased 1.8 percentage points from a year ago. For the fiscal year-to-date, domestic light vehicles have a 79.5 percent share of a 16.2 million unit market.

**Michigan motor vehicle production** increased to 252,376 units in March. From a year ago motor vehicle production increased 8 percent in Michigan and rose 3 percent nationally. In March, Michigan's car production was 141,763 units while the state's truck production was 110,613 units. Compared with a year ago, car production fell 9 percent in Michigan and decreased 11 percent nationwide. The state's truck production increased 42 percent while national truck production increased 14 percent from a year ago. Michigan motor vehicle production data are not seasonally adjusted.



**Summary Estimates of the Constitutional Revenue Limit  
Based on the January 14, 2003 Consensus Revenue Agreement  
(Article IX, Section 26)  
(in millions)**

	<b>Fiscal Year 2000-2001 Actual</b>	<b>Fiscal Year 2001-2002 Actual</b>	<b>Fiscal Year 2002-2003 Estimate</b>
<b>Revenue Limit Calculation</b>			
Applicable Calendar Year Personal Income	\$277,296	\$289,390	\$297,609
Section 26 Base Ratio	9.49%	9.49%	9.49%
Revenue Limit	\$26,315.4	\$27,463.1	\$28,243.1
<b>Amount Under Limit Calculation</b>			
Revenue Limit	\$26,315.4	\$27,463.1	\$28,243.1
State Revenue Subject to Limit	\$23,909.2	\$23,546.0	\$24,064.3
<b>Amount Under (Over) Limit</b>	<b>\$2,406.2</b>	<b>\$3,917.1</b>	<b>\$4,178.9</b>

Sources:

Personal Income Estimate

The FY 2000-01 calculation uses the official personal income estimate for calendar year 1999 (Survey of Current Business, October 2000).

The FY 2001-02 calculation uses the official personal income estimate for calendar year 2000 (Survey of Current Business, October 2001).

The FY 2002-03 calculation uses the January 14, 2003 Consensus Revenue Agreement.

Revenue Subject to the Limit

The FY 2000-01 calculation uses the State of Michigan Statement of Revenue Subject to Constitutional Limitation - Legal Basis for the Fiscal Year Ended September 30, 2001.

The FY 2001-02 calculation uses the State of Michigan Statement of Revenue Subject to Constitutional Limitation - Legal Basis for the Fiscal Year Ended September 30, 2002.

The FY 2002-03 calculation uses the January 14, 2003 Consensus Revenue Agreement.

Prepared By: Office Of Revenue and Tax Analysis, Michigan Department of Treasury